

Company, party of the second part, witnesseth, That the said party of the first part hath this day sold to the party of the second part, one hundred bonds of the five per cent stock of Indiana, of two hundred and twenty-five pounds sterling each, to-was Eighty-four L. Liver Bond, numbering first from 263 to 289, inclusive, and second from 349 to 900 inclusive—and twenty Internal Improvement Bonds, numbering from 1771 to 1799, inclusive which said bonds are to be paid for at and after the rate of 93 cents to the dollar. And the said party of the second part agreed to pay the said party of the first part a sum of ninety-eight thousand dollars after the following manner, that is to say: The draft in the sum of the first part, for the one-sixth part thereof, to be acceptable and payable on the first day of August next, and one-sixth part on the first day of each month thereafter until the whole is paid, deducting eight per cent, from each monthly instalment as exchange between Ohio and N. York. And the said party of the first part is hereby authorized to draw for such sums and amounts as their business and interests may require, not to exceed the one-sixth part thereof monthly, as above stipulated; and the said party of the second part to pay interest on the said ninety-eight thousand dollars from 1st July next until paid, stopping interest of each payment as made. In witness whereof, the said parties by these presents, have hereunto set their names the day and year above mentioned.

Comparing the bonds of the latter instrument with those of the former, we find the same numbers, 1771 to 1799 were in possession of the Galli- polis Bank in Indiana six months before the date of the sale to Sherwood.

The other bonds mentioned in the last instrument were also State property, being part of the 110 returned by the Morris Canal Company, and part of the \$200 not used for interest; but otherwise applied, as stated in the last year's report. These numbered 4301 to 4350, mentioned in the sale of December 17, were pledged for money, by Sherwood in September and October before; and I saw the same numbers entered on the books of the parties who furnished him with money. I also saw upon the books of parties procuring the money, the numbers and description of from three to four hundred of the bonds described as hypothecated and sold to Sherwood, that were used by him in borrowing money through the city, months before these alleged sales and hypothecations, and there can be no doubt that the funds employed in all his operations protecting Gallopolis paper, and the like, were procured from the use of Indiana bonds loaned him by Gen. Stapp. The large number of bonds in his possession, in the cause of suspicion with capitalists, who refused to advance money on them until Sherwood or his agent exhibited an official note from Gen. Stapp, stating that all was right, and that the bonds would be paid.

These are a part of the facts going to satisfy my mind, that the sale of December 17, and the receipt I hold of Sherwood (after deducting the 270 to Hunt & Co.) for \$493,000 (mentioning in stating his account) of hypothecated bonds, are instruments or vouchers executed in March to cover up unfortunate transactions with Sherwood.

I do not, however, doubt the payment of Gallopolis money to Gen. Stapp, and it is likely the proceeds of the 150 bonds sold in June by the Gallopolis Bank, were paid to him, and sent to Madison. The "check for \$97,039 in Gallopolis paper," was transferred by Gen. Stapp to William Hendricks, Jr., and had the paper been received before the explosion took place, it also would likely have been sent to Madison. But the Comptroller of the Erie County Bank denies giving this check, and says that his bank had no money due it at Gallopolis to check for. He denies that the Erie Co. Bank gave Gen. Stapp the \$50,000 in Gallopolis paper named in the instrument; and says no entries were made on the books of the Bank of a purchase of Indiana bonds, nor of any delivery of Gallopolis paper.

In further confirmation of the opinion, that the papers were prepared to cover some other transactions, I will refer to the list of sales, in the hand writing of Gen. Stapp, left at the office, in which he says—ten of the bonds named in the Sherwood sale of December, were sent to London to be exchanged for "foreign flat bonds," and also that seven of them were delivered to another party, describing the same numbers.

It was to accommodate Sherwood that General Stapp, after putting out all the bonds executed by Mr. Palmer, hunted up an old package of "dollar bonds"—Bank Loan" (which had been signed by his colleague Mr. Scott, then rejected and others engraved), and after signing them put them into Sherwood's hands for circulation; and now we have out 23 bonds not known in our reports, and without the authority of his colleague or of ours.

Of the bonds not accounted for, 45 were lost under these circumstances:

During my visit home in May, Gen. Stapp took Danforth's bond for \$15,000, and in the usual course of the consideration, Danforth says it is for 45 bonds used without leave, which had been left in his trust chest for safe keeping by Gen. Stapp. This acknowledgement of a dishonest conversion of so large an amount of stocks in his own use, was found among my papers on my return to this city. Not being disposed to let him escape, the bond was rejected, as it had not been taken with my knowledge or assent, and Danforth was brought up in an action of trover, and held to bail in the sum of \$50,000 dollars. Application was made to the court to reduce his bail, and in his affidavit he states that the bonds were loaned to him. Gen. Stapp was also examined as a witness and the parties agreed that 20 of the 45 bonds were part or 50 loaned to Danforth by Gen. Stapp, and that the other 15 were used without leave.

Danforth is now liable for the following sum: His old debt in the name of the Hampton Bk., 60,700 The 45 bonds mentioned above, 45,000 Bond for Carlisle paper, 25,000 His acceptance for bonds of the Madison col. sold to him, and credited in their account (see account) 25,677

What debt of himself and his partner, Col. \$15,377

For the first time my predecessor in August spoke of the new sale of \$111,000 in bonds to the Morris Canal and Banking Company, and handed to me twenty bonds or notes of \$5,000 dollars each, executed by the coal agent of the company, falling due monthly through the year, and endorsed by the President and Vice-President of the Company.

At the time of the execution of these notes by the coal agent, (on the 22d of December) the Company had no coal to sell, nor have they had since, and whether this agent had power to buy stocks for the Company and make a debt of \$100,000 dollars, may well be questioned. In end, as its proceeds, not a dollar will ever be paid as I hear, by this agent.

But this sale, as it is called, was a loan of bonds, by Gen. Stapp to the Company, and both parties have so admitted in their conversations with me. Had it been viewed in the light of a sale, the Commissioner should have so reported and acknowledged in his response to the call of the House of Representatives in February last.

The second loan will be found in the following receipt of Mr. Roop.

UFFORD, August 13th, 1841.

Received of Milton Stapp, Fund Commissioner of the State of Indiana, ten sterling bonds of the Indiana five per cent stocks of £225 each, amounting to \$10,000, which stocks were loaned to me in order to enable me to settle with the State of Indiana and secure them in a debt of \$40,000 now due them, and are to be returned to the State of Indiana on or before the 1st day of November next.

HENRY ROOP.

This receipt of Mr. Roop was handed to me last summer by Gen. Stapp as his voucher for ten bonds. When drafting it he intended to take it at the date he was at Buffalo in August, 1840, and while he was Fund Commissioner, he computed an error by dating it August, 1841, when he was not Fund Commissioner, owing to which I could not make a demand for the bonds, because, from the receipt, they were not to be returned until the 1st of November of this year; nor could I bring suit had I found visible means of Mr. Roop to justify.

While Mr. Roop could not pay his old debt for his Buffalo Bank, and whilst he had mortgaged all his landed property, he, to make investment of his spare capital and widen the field for his financial talents, embarked in the Franklin Bank, in another State. It was to protect the paper of this Bank that he needed the proceeds of the ten Indiana Bond—and he obtained them. The object of this loan, as expressed in the face of the receipt, is "to enable him to settle with the State his debt of \$10,000." How these bonds were to be used to accomplish so much is not

stated; but having applied the proceeds to the protection of his bank paper, it is to be inferred that his plan was to procure a credit for the bank notes until a sufficient amount could be exchanged to pay the \$40,000. But the plan failed, and in place of registering the debt, which was to be settled by the sum at \$40,000, it may be drawn at \$50,000. Whilst looking over these matters connected with the payment of the July interest, my mind was not wholly occupied, but was given to other subjects and particularly to the large claims comprising the suspended debt, and the stocks and other securities pertaining to it. These debts and collections are stated in last year's report as follows:

*Scripitorum et Ms. Merrill in conjunction with M. Stapp.* "63 shares in the Planters' Bank of Mobile, the par value of which is \$55,000, and worth now in cash, \$40,000

"25 shares Bank of Mobile, par value, \$7,500

"25 shares Merchants' Bank, Mississippi, par value \$5,000, worth not known, but the bank is a species paying bank on good credit.

"10 to 15 Little Schuykill and Susquehanna Railroad stock, par value \$500,000, worth

"23,000 stock of the New York, Mississippi and Arkansas Land Company."

The investment of this company is in

14,238 acres of land, value \$268,741 24

Add expenses to 1841, 24,938 72

Whole cost of land say \$2 04 per acre \$233,699 96

The title is derived from the United States, and is good. The trustees managing the concern are Messrs. Irving, Post & Lovell.

Lands sold at an average of \$5 45 a-

acre, amount to \$186,319 29

Expenses of surveying, as agents and officers from May, 1835, to Jan. 1841, \$40,278 67

To dividends paid over, \$8,544 69 72,022 67

Certificates of deposits, 266,000 00

Long Island Railroad Co. judgment, 60,000 00

Hudson seven percent bonds, 35,000 00

Beaver Meadow Railroad stock, \$250,000 00

Less a loan from Beaver Meadow Co. 100,000 00

Making, \$14,93,439 00

The value of the 650 shares Planters' Bank of Mobile" is no doubt overrated at \$40,000, but otherwise applied, as stated in the last year's report. These numbered 4301 to 4350, mentioned by Mr. Stapp, by written agreement with the Morris Canal and Banking Company, must be sold at auction in New York or Philadelphia on a credit. John J. Palmer, Esq., of the Merchant's Bank, N.Y., is the authorized agent to sell the bank stocks under that agreement. The sale of the 650 shares will be \$1,000. This was paid, deducting eight per cent, from each monthly instalment as exchange between Ohio and N. York. And the said party of the first part is hereby authorized to draw for such sums and amounts as their business and interests may require, not to exceed the one-sixth part thereof monthly, as above stipulated; and the said party of the second part to pay interest on the said ninety-eight thousand dollars from 1st July next until paid, stopping interest of each payment as made. In witness whereof, the said parties by these presents, have hereunto set their names the day and year above mentioned.

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